

BEFORE THE IDAHO BOARD OF TAX APPEALS

IN THE MATTER OF THE APPEAL OF MICHAEL) APPEAL NO. 07-A-2246
PARSONS from the decision of the Board of) FINAL DECISION
Equalization of Kootenai County for tax year 2007.) AND ORDER

VACANT LAND APPEAL

THIS MATTER came on for hearing November 6, 2007 in Coeur d'Alene, Idaho before Board Member Linda S. Pike. Board Members Lyle R. Cobbs, and David E. Kinghorn participated in this decision. Appellant Michael Parsons appeared at hearing. Assessor Mike McDowell, Residential Appraisal Manager Darin Krier, Civil Attorney Jethelyn Harrington, Residential Appraiser Chrystal Booth, and Appraiser Ken Merwin appeared for Respondent Kootenai County. This appeal is taken from a decision of the Kootenai County Board of Equalization denying the protest of the valuation for taxing purposes of property described as Parcel No. 028780010040.

The issue on appeal is the market value of a vacant property.

The decision of the Kootenai County Board of Equalization is affirmed.

FINDINGS OF FACT

The assessed homesite value is \$278,400, forest land valuation is \$23,819, and the improvements' valuation is \$26,520, totaling \$328,739. Appellant requests forest land and improvements' valuations remain the same, and the homesite value be reduced to \$156,000.

The subject property is a 10.73 acre parcel located near Lake Coeur d'Alene overlooking Squaw Bay. The property is improved with a 2,400 square foot general purpose building, constructed in 2005. 9.73 acres of subject are valued as timber land. The site has electricity and water but no septic. Under appeal is subject's one-acre homesite value.

Appellant referenced assessments of several other properties and argued subject was valued too high. The total acreages of the properties varied as did the homesite assessments. The locations were unclear in the record.

Appellant also presented thirteen (13) vacant land sales from the Harrison area. The prices ranged from \$130,000 to \$399,900 with lot sizes between 1.04 and 10.0 acres. The proximity of the sale properties to subject was unclear.

Respondent noted subject was valued as an unimproved parcel. Normally a property with subject's improvements would be valued as a partially improved parcel. Also referenced was that the timber exemption should have been removed from subject's one-acre homesite when the general purpose building was constructed in 2005. This error was noticed by the County for the 2007 tax year and the exemption was removed.

Respondent explained subject was located in Geo-Economic Area (GEA) 6066, which consists of twenty-two (22) properties ranging from 3.646 to 10.73 acres in size. GEA 6066 was reappraised for the 2005 tax year and was trended/indexed for the 2006 and 2007 tax years. The trend rate was derived from sales in subject's area. Respondent provided assessment data for properties in subject's subdivision to illustrate the properties were uniformly assessed.

During 2006, there were no improved sales in GEA 6066, however there was one vacant land sale from subject's subdivision. The property was 10.013 acres and sold in May 2006 for \$450,000. Because sales in the GEA were limited, Respondent examined sales in the adjacent GEA 6065, of which there were two (2) improved and five (5) vacant land sales. At hearing, Respondent focused on three (3) vacant land and two (2) improved property sales. The properties were between .32 and 40.0 acres with time-adjusted sale prices between \$148,400 and \$927,739. The one-acre homesites were valued between \$86,400 and \$389,800.

Also noted by Respondent was that the wrong value table was used to assess subject. This resulted in subject being valued roughly \$40,000 less than the 2006 value. Had the proper table been used, subject's homesite value would have been \$387,600.

CONCLUSIONS OF LAW

This Board's goal in its hearings is the acquisition of sufficient, accurate evidence to support a determination of fair market value. This Board, giving full opportunity for all arguments and having considered all testimony and documentary evidence submitted by the parties in support of their respective positions, hereby enters the following.

For the purpose of taxation, Idaho Code requires property be assessed at market value, as defined in § 63-201(10):

"Market value" means the amount of United States dollars or equivalent for which, in all probability, a property would exchange hands between a willing sell, under no compulsion to sell, and an informed, capable buyer, with a reasonable time allowed to consummate the sale, substantiated by a reasonable down or full cash payment.

The Idaho Supreme Court has recognized three (3) approaches for establishing market value.

[T]here are three primary methods of determining market value: the cost approach, in which the value as determined by new cost or market comparison is estimated and reduced by accrued depreciation; the income approach, applicable to "income producing property" in which a capitalization rate is determined from market conditions and applied to net income from the property to determine appraised value; and the market data (comparison method) approach, in which value of the assessed property is ascertained by looking to current open market sales of similar property. *Merris v. Ada County*, 100 Idaho 59, 63, 593 P.2d 394, 398 (1979).

Appellant provided assessment information concerning a number of properties. Assessments are not viewed as reliable indicators of market value so will not be considered in

this decision.

Appellant also submitted thirteen (13) vacant land sales that occurred during 2006. The prices ranged from \$130,000 to \$399,900 with lot sizes between 1.04 and 10.0 acres. Appellant stated the properties were located in the Harrison area, however, proximity to subject was unclear in the record.

Respondent focused on three (3) vacant land sales and two (2) improved sales from 2006. One of the vacant land sales involved a 10.013 acre parcel located in subject's subdivision that sold for \$450,000. Because this was the only sale in subject's GEA 6066, the remaining sales were from GEA 6065 and involved parcels ranged from .32 to 40.0 acres with time-adjusted sale prices between \$148,400 and \$927,739. The one-acre homesites were valued between \$86,400 and \$389,880.

While both parties presented sales, we find Respondent's sales to better represent subject's value. The sales were located near subject, whereas the location of Appellant's sales were unknown. The County's most persuasive evidence was the sale in subject's subdivision. The acreage was similar and it was located within close proximity of subject. Respondent's other sales reinforce the reasonableness of subject's value.

Given the evidence presented in this matter, the Board will affirm the decision of the Kootenai County Board of Equalization.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Kootenai County Board of Equalization concerning the subject parcel be, and the same hereby is, affirmed.

MAILED January 4, 2008